



**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

34 May 31, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

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Board of Supervisors

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May 31, 2016

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENTS TO IMPACTED HOSPITAL PROGRAM  
AGREEMENTS  
(SUPERVISORIAL DISTRICT 2)  
(3 VOTES)**

Mitchell H. Katz, M.D.  
Director

Hal F. Yee, Jr., M.D., Ph.D.  
Chief Medical Officer

Christina R. Ghaly, M.D.  
Chief Operations Officer

**SUBJECT**

Request approval to extend the term of the eight Impacted Hospital Program Agreements.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendments to the Impacted Hospital Program (IHP) Agreements with the eight private impacted hospitals listed on Attachment A, effective upon execution, to extend the term for the period July 1, 2016 through June 30, 2017, for a cost of up to \$2.5 million, with an optional one-year extension, for the continued provision of emergency inpatient care in the Martin Luther King, Jr. – Harbor (MLK-Harbor) Hospital catchment area.

2. Delegate authority to the Director, or his designee to execute an Amendment to the IHP Agreements to extend the term for one additional year, from July 1, 2017 through June 30, 2018, for an additional cost of up to \$2.5 million, subject to review and approval by County Counsel and notification to the Board and the Chief Executive Office (CEO).

3. Delegate authority to the Director, or his designee, to: a) amend the IHP Agreements to make changes to the scope of work, and payment provisions which would enable the County to realize cost savings as the need for service

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diminishes and reduce the County's maximum obligation; and b) terminate Agreements by issuing a prior written notice in accordance with the termination provisions; with all subject to review and approval by County Counsel and notification to the Board and the CEO.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The current IHP Agreements were initially approved by the Board to mitigate the impact of the closure of MLK-Harbor Hospital on the community. Although Martin Luther King, Jr., Community Hospital (MLK CH) has opened, the current MLK CH Emergency Department catchment area for 9-1-1 transports does not cover the same geographic area previously covered by MLK-Harbor. While the number of claims submitted under IHP have declined annually since Fiscal Year (FY) 2011-12, there is still a need for IHP because a segment of the patient population remains outside of MLK CH Emergency Department 9-1-1 catchment area.

Approval of the first and second recommendations will allow the Director to execute an Amendment, substantially similar to Exhibit I, with each of the eight IHP hospitals to continue to receive payment for emergency and inpatient care provided to County-responsible patients within the revised catchment area in Exhibit I. The revised catchment area eliminates zip codes that are now covered by MLK CH, and is estimated to result in a decrease in IHP claims of approximately 40 percent from FY 2015-16 to FY 2016-17. The County, in conjunction with the staff of MLK CH, continues to analyze the impact of the opening of MLK CH and its capability to care for the 9-1-1 transports. While this evaluation continues, the County finds it necessary to extend the existing agreements with the eight IHP hospitals for one year, and possibly an additional year, through June 30, 2018. This extension is needed to further evaluate the continued reduction in the uninsured patient population. The current agreements expire on June 30, 2016.

Approval of the third recommendation will provide the Department of Health Services (DHS) with the flexibility to make necessary changes to the scope of work and payment provisions as service needs change at MLK CH, and terminate the Agreements in a timely manner to avoid unnecessary expenditure of County funds.

### **Implementation of Strategic Plan Goals**

The recommended actions support Goal 3, Integrated Services Delivery of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The estimated cost for the eight IHP Agreements is \$2.5 million for FY 2016-17. Funding is included in DHS' FY 2016-17 Recommended Budget and will be requested in future fiscal years.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The IHP Agreements provide reimbursement for emergency room only visits and for emergency room admissions with qualifying inpatient days for up to a maximum of six (6) days of hospital inpatient care for County-responsible patients who were transported to the impacted hospital emergency room by 9-1-1 ambulance. In order for IHP hospitals to claim reimbursement for 9-1-1 transported patients, the patients must reside in Los Angeles County, be picked up and transported from an eligible zip code, and not have insurance or resources to pay the medical bills. Furthermore,

the Agreements provide for priority of transfers from IHP hospitals to County/Contract facilities, on the condition that IHP hospitals follow certain protocols.

On August 11, 2015, the 131-bed MLK CH opened to receiving 9-1-1 certain patients from a small portion of the areas formerly covered by the IHP; however, the need for the IHP continues to exist for those areas not covered in the MLK CH 9-1-1 catchment area. As the county continues to analyze the community's medical service needs and MLK CH's capability, there is a need to continue to provide financial support to the designated IHP hospitals under the IHP Agreements.

On October 27, 2015, the Board approved a motion requesting DHS to provide an update on the status of the State Plan Amendment (SPA) that would allow the continuation of supplemental payments to specified non-County hospitals impacted by the closure of MLK-Harbor. The Board also granted DHS' Director delegated authority to make intergovernmental transfers (IGT) to the California Department of Health Care Services (DHCS) of up to \$4.2 million annually to be used as the non-federal share of Medi-Cal payments to the IHP hospitals in accordance with the SPA, pending the SPA's approval.

On December 15, 2015, DHCS received approval of the SPA from the Federal Centers for Medicare and Medicaid Services. The approved SPA authorizes a maximum aggregated amount of \$4.0 million annually in additional supplemental Medi-Cal payments to the IHP hospitals for a period of three years beginning July 1, 2015. Per this approval, the County will utilize a maximum of \$2.0 million per fiscal year as the maximum IGT non-federal share for the period of July 1, 2015 through June 30, 2018. In order to implement the SPA the IHP Agreements must be active during the same time period.

Should the County elect to terminate the IHP Agreements, the County may do so without cause, by providing the other party with thirty (30) days advance written notice.

County Counsel has approved Exhibit I as to form.

## **CONTRACTING PROCESS**

These are extensions of current agreements with eight IHP hospitals. The hospitals were originally selected for these Agreements because they are in the former MLK-Harbor Hospital catchment area.

## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended actions will ensure that emergency medical services remain available to persons residing in or transported via 9-1-1 ambulance from the MLK-Harbor Hospital catchment area by maintaining bed availability.

The Honorable Board of Supervisors

5/31/2016

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Respectfully submitted,

A handwritten signature in black ink that reads "Mitchell Katz". The signature is written in a cursive style with a large, sweeping "M" and a stylized "Katz".

Mitchell H. Katz, M.D.

Director

MHK:CC

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

**IMPACTED HOSPITAL PROGRAM AGREEMENT**

**LIST OF IMPACTED HOSPITALS**

1. St. Francis Medical Center  
3630 East Imperial Highway  
Lynwood, CA 90262
  
2. California Hospital Medical Center  
1401 South Grand Avenue  
Los Angeles, CA 90015-3063
  
3. Prime Healthcare Centinela, LLC DBA Centinela Hospital Medical Center  
555 East Hardy Street  
Inglewood, CA 90301-4073
  
4. Downey Regional Medical Center  
11500 Brookshire Avenue  
Downey, CA 90241-2246
  
5. Memorial Hospital of Gardena  
1145 West Redondo Beach Blvd.  
Gardena, CA 90247-3528
  
6. Lakewood Regional Med. Center, Inc.  
3700 East South Street  
Lakewood, CA 90712-1498
  
7. White Memorial Medical Center/Adventist Health  
1720 East Cesar E. Chavez Avenue  
Los Angeles, CA 90033-2482
  
8. Long Beach Memorial Medical Center  
2801 Atlantic Avenue  
Long Beach, CA 90806-1737

**ATTACHMENT A-I-I ELIGIBLE ZIP CODES**

	Crenshaw Boulevard	Western Avenue	Broadway/110 Freeway	Avalon Boulevard	Central Avenue	Alameda Street	Atlantic Avenue	710 Freeway
Washington Blvd.								
Martin Luther King Blvd.			<b>California Hospital Medical Center (CAL)</b>		<b>90011</b> <i>(east of Broadway &amp; west of Central Ave.)</i>	<b>White Memorial Hospital (WMH)</b>		
Slauson Avenue								
Florence Avenue			<b>90047</b> <i>(east of Western Ave.)</i>			<b>90058</b> <i>(south of Slauson Ave.)</i>	<b>90270</b> <i>(south of Slauson Ave. &amp; west of Atlantic Ave.)</i>	
						<b>90255</b> <i>(south of Slauson Ave.)</i>	<b>90201</b> <i>(west of Atlantic Ave.)</i>	
Manchester/Firestone			<b>90047</b> <i>(east of Western Ave. &amp; north of Manchester Blvd.)</i>	<b>90044</b> <i>(north of Manchester Blvd.)</i>	<b>90003</b>	<b>90001</b>	<b>90001</b>	<b>90280</b> <i>(north of Firestone Blvd. &amp; west of 710 Fwy.)</i>
Imperial Highway/105 Freeway						<b>90002</b>	<b>90280</b> <i>(west of 710 Fwy.)</i>	
El Segundo Boulevard			<b>Centinela Freeman Regional Medical Center - Centinela Campus (CNT)</b>	<b>90061</b> <i>(east of 110 Fwy. &amp; north of El Segundo Blvd.)</i>		<b>90059</b>	<b>90262</b>	<b>90262</b>
							<b>90222</b>	<b>St. Francis Medical Center (SFM)</b>
Rosecrans Avenue			<b>Memorial Hospital of Gardena (MHG)</b>			<b>90059</b>	<b>90222</b>	<b>90221</b>
Compton Boulevard							<b>90220</b> <i>(north of Compton Blvd.)</i>	
91 Freeway								<b>90221</b> <b>90805</b> <i>(north of 91 Fwy. &amp; west of 710 Fwy.)</i>

## **ATTACHMENT A-I-I ELIGIBLE ZIP CODES**

**REIMBURSEMENT:** Impacted hospitals will be reimbursed for patients transported by 9-1-1 from, or residing in the identified Zip Codes and street boundaries. The shaded zip codes are covered by Martin Luther King, Jr. Community Hospital and are excluded from IHP.

**EXCEPTIONS:**

*St. Francis Medical Center (SFM):*

**90221** - SFM will be reimbursed for patients transported from or residing south of Rosecrans Ave.

**90222** - SFM will be reimbursed for patients transported from or residing west of Alameda St.

**90262** - SFM will be reimbursed for patients transported from or residing west of Alameda St.

**90280** - SFM will be reimbursed for patients transported from or residing north of Firestone Blvd. and west of the 710 Fwy.

Agreement No.: \_\_\_\_\_

IMPACTED HOSPITAL PROGRAM AGREEMENT

Amendment No. \_\_\_\_

THIS AMENDMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2016,

By and between

COUNTY OF LOS ANGELES  
(hereafter "County"),

And

\_\_\_\_\_  
(hereafter "Hospital")

Business Address:

\_\_\_\_\_

WHEREAS, reference is made to that certain document entitled "IMPACTED HOSPITAL PROGRAM (IHP) AGREEMENT," dated August 24, 2007, and further identified as Agreement No.: \_\_\_\_\_, and any amendments thereto (all hereafter referred to as "Agreement") and,

WHEREAS, the County has determined that IHP services provided by Hospital continue to be in the best interests of the County; and

WHEREAS, the County recognizes that it continues to have a vital role in assuring that Impacted Hospitals have adequate capacity to accept certain patients transported via 9-1-1 ambulance; and

WHEREAS, Hospital has the ability and is willing to continue to accept and provide inpatient care for certain patients transferred from Impacted hospitals and other County hospitals, in accordance with the terms and conditions which follow herein; and

WHEREAS, Martin Luther King, Jr., Community Hospital (MLK CH) opened to receive these patients from areas formerly covered by the IHP; and

WHEREAS, it is the intent of the parties hereto to amend Agreement to remove zip codes that are now covered by MLK CH and to extend the term for one (1) year, for the period July 1, 2016 through June 30, 2017, with an optional one-year extension for the period July 1, 2017 through June 30, 2018; and

WHEREAS, Agreement provides that changes in accordance to Additional Provisions, Paragraph 17, Merger provision may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, Hospital warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall commence and be effective upon execution.
2. Agreement, Paragraph 2, TERM AND TERMINATION, Sub-paragraph A, is deleted in its entirety and replaced as follows:
  - "A. The term of this Agreement shall commence on August 10, 2007, and shall expire on June 30, 2017, unless sooner terminated or extended, in whole or in part, as provided for in this Agreement. The County shall have the sole option to extend this Agreement for up to one additional one-year period. Such option and extension shall be exercised at the sole discretion of the Director or his/her designee as authorized by the Board of Supervisors in accordance with Additional Provisions, Paragraph 17, Merger.
3. Agreement, Exhibit A, HOSPITAL SERVICES AND PROVISIONS FOR REIMBURSEMENT, Section 1, IMPACTED HOSPITAL PROGRAM SERVICES, Sub-paragraph A.2, General Reimbursement Conditions is deleted in its entirety and replaced as follows:
  - "2. The patient for whom reimbursement is sought shall have arrived at Hospital's emergency room via 9-1-1 ambulance transport, and shall have been picked up by the 9-1-1 ambulance, or reside, within specific Zip Codes, as modified by Street boundaries, as listed in Attachment "A-1-1" of this Exhibit "A" (Transported Patient)."
4. Agreement, Exhibit A, HOSPITAL SERVICES AND PROVISIONS FOR REIMBURSEMENT, Attachment A-1 is deleted in its entirety and replaced by Attachment A-1-1 attached hereto and incorporated herein by reference. All references to Attachment A-1 shall hereafter be replaced by Attachment A-1-1.
5. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Mitchell H. Katz, M.D.  
Director of Health Services

HOSPITAL

\_\_\_\_\_

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By \_\_\_\_\_  
Lillian Russell, Deputy County Counsel